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CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 693

Introduced by Assembly Members Eggman and Williams

February 25, 2015

An act to amend Section 748.5 of, and to add Chapter 9.5 (commencing with Section 2870) to Part 2 of Division 1 of, the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 693, as amended, Eggman. Multifamily Affordable Housing Solar Roofs Program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable.

The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. That act requires the state board to adopt a statewide greenhouse gas emissions

limit, as defined, to be achieved by 2020, equivalent to the statewide greenhouse gas emissions level in 1990. The state board is authorized to include market-based compliance mechanisms to comply with the regulations. The implementing regulations adopted by the state board provide for the direct allocation of greenhouse gas allowances to electrical corporations pursuant to a market-based compliance mechanism.

Existing law authorizes the commission to allocate 15% of these revenues for clean energy and energy efficiency projects established pursuant to statute that are administered by electrical corporations and requires the commission to direct the balance of the revenues to be credited directly to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporations, as specified.

This bill would authorize a qualified 3rd-party administrator to administer the clean energy and energy efficiency projects.

Existing law requires the commission to ensure that not less than 10% of the funds for the California Solar Initiative are utilized for the installation of solar energy systems, as defined, on low-income residential housing, as defined. Pursuant to this requirement, the commission adopted decisions that established the Single-Family Affordable Solar Homes Program and the Multifamily Affordable Solar Housing Program, pursuant to which the electrical corporations provide monetary incentives for the installation of solar energy systems on low-income residential housing.

This bill would require the commission to annually authorize the allocation of \$100,000,000 or 10% of available funds, whichever is less, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 30, ~~2026~~, 2020, from the greenhouse gas allowance revenues received by electrical corporations set aside for clean energy and energy efficiency projects for the Multifamily Affordable Housing Solar Roofs Program, which the bill would create. The bill would require the ~~program to be administered by a qualified 3rd-party administrator, selected by the commission through a competitive bidding system,~~ *to consider the most appropriate program administration, as specified*, with not more than 10% of the allocated funds to be used for administration. The bill would require the commission to ~~authorize~~ *authorize, by June 30, 2017*, the award of monetary incentives for solar energy systems, as defined, that are installed on qualified multifamily affordable housing properties, as

defined, through December 31, 2030, with the target of the program being to install a combined generating capacity of at least 300 megawatts on qualified properties. The bill would require the commission to require that the electricity generated by qualifying solar energy systems installed on qualified multifamily affordable housing properties pursuant to the program be primarily used to offset electricity usage by low-income tenants. The bill would require that *low-income* tenants receive ~~offsets~~ *credits* on utility bills from the program through ~~virtual net metering tariffs, as defined. tariffs that allow for the allocation of credits, as specified.~~ The bill would require the commission, by July 30, ~~2018, 2020,~~ and by July 30 of every third year thereafter through ~~2030, 2029,~~ to submit an assessment, as specified, to the Legislature ~~of the success~~ of the Multifamily Affordable Housing Solar Roofs Program.

Existing law makes any public utility and any corporation or person other than a public utility that violates any part of any order, decision, rule, direction, demand, or requirement of the commission guilty of a crime.

Because the provisions of this bill require action by the commission to implement its requirements, a violation of these commission-ordered requirements would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) It is necessary to provide assistance to low-income utility
- 4 customers to make sure they can afford to pay their energy bills.
- 5 (b) Programs that reduce the costs of the energy utilities'
- 6 California Alternate Rates for Energy, or CARE, program can
- 7 support the long-term ability of the CARE program to meet the
- 8 needs of low-income customers.

1 (c) Installing qualifying solar energy systems in disadvantaged
2 communities can provide local economic development benefits
3 while advancing the state's renewable energy policies and policies
4 to reduce emissions of greenhouse gases.

5 (d) The Greenhouse Gas Reduction Fund Investment Plan and
6 Communities Revitalization Act (Chapter 4.1 (commencing with
7 Section 39710) of Part 2 of Division 26 of the Health and Safety
8 Code) requires that a minimum of 25 percent of the available
9 moneys in the Greenhouse Gas Reduction Fund be allocated to
10 projects that provide benefits to disadvantaged communities and
11 10 percent fund projects in disadvantaged communities.

12 (e) It is the goal of the state to make qualifying solar energy
13 systems more accessible to low-income and disadvantaged
14 communities and, as in the case of the Multifamily Affordable
15 Housing Solar Roofs Program, to install those systems in a manner
16 that represents the geographic diversity of the state.

17 (f) It is the goal of the state to install qualifying solar energy
18 systems that have a generating capacity equivalent to at least 300
19 megawatts for the express purpose of lowering the energy bills of
20 tenants at low-income multifamily housing.

21 SEC. 2. Section 748.5 of the Public Utilities Code is amended
22 to read:

23 748.5. (a) Except as provided in subdivision (c), the
24 commission shall require revenues, including any accrued interest,
25 received by an electrical corporation as a result of the direct
26 allocation of greenhouse gas allowances to electric utilities pursuant
27 to subdivision (b) of Section 95890 of Title 17 of the California
28 Code of Regulations to be credited directly to the residential, small
29 business, and emissions-intensive trade-exposed retail customers
30 of the electrical corporation.

31 (b) Not later than January 1, 2013, the commission shall require
32 the adoption and implementation of a customer outreach plan for
33 each electrical corporation, including, but not limited to, such
34 measures as notices in bills and through media outlets, for purposes
35 of obtaining the maximum feasible public awareness of the
36 crediting of greenhouse gas allowance revenues. Costs associated
37 with the implementation of this plan are subject to recovery in
38 rates pursuant to Section 454.

39 (c) The commission may allocate up to 15 percent of the
40 revenues, including any accrued interest, received by an electrical

corporation as a result of the direct allocation of greenhouse gas allowances to electrical distribution utilities pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations, for clean energy and energy efficiency projects established pursuant to statute that are administered by the electrical corporation, or a qualified third-party administrator as approved by the commission, and that are not otherwise funded by another funding source.

SEC. 3. Chapter 9.5 (commencing with Section 2870) is added to Part 2 of Division 1 of the Public Utilities Code, to read:

CHAPTER 9.5. MULTIFAMILY AFFORDABLE HOUSING SOLAR
ROOFS PROGRAM

2870. (a) As used in this section, the following terms have the following meanings:

(1) "CARE program" means the California Alternate Rates for Energy program established pursuant to Section 739.1.

(2) "Program" means the Multifamily Affordable Housing Solar Roofs Program established pursuant to this chapter.

(3) "Qualified multifamily affordable housing property" means a multifamily residential building of at least five rental housing units that is operated to provide deed-restricted low-income residential housing, as defined in clause (i) of subparagraph (A) of paragraph (3) of subdivision (a) of Section 2852, and that meets one or more of the following requirements:

(A) The property is located in a disadvantaged community, as identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code.

(B) At least 80 percent of the households have incomes at or below 60 percent of the area median income, as defined in subdivision (f) of Section 50052.5 of the Health and Safety Code.

(4) "Solar energy system" means a solar energy *photovoltaic* device that has the primary purpose of providing for the collection and distribution of solar energy for the generation of electricity, that produces at least one kilowatt, and not more than five megawatts, alternating current rated peak electricity, and that meets or exceeds the eligibility criteria established pursuant to Section 25782 of the Public Resources Code.

1 ~~(5) “Virtual net metering tariffs” mean the tariffs that the~~
2 ~~commission approves pursuant to Section 2827 to provide net~~
3 ~~energy metering to multitenant or multimeter properties.~~

4 ~~(b) (1) Adoption and implementation of the Multifamily~~
5 ~~Affordable Housing Solar Roofs Program may count toward the~~
6 ~~satisfaction of the commission’s obligation to ensure that specific~~
7 ~~alternatives designed for growth among residential customers in~~
8 ~~disadvantaged communities are offered as part of the standard~~
9 ~~contract or tariff authorized pursuant to paragraph (1) of~~
10 ~~subdivision (b) of Section 2827.1.~~

11 ~~(2) Nothing in this section shall preclude electrical corporations~~
12 ~~from offering and administering a distributed energy resource~~
13 ~~program, including solar energy systems, in disadvantaged~~
14 ~~communities offered under current or proposed programs using~~
15 ~~funds provided under subdivision (c) of Section 748.5 or programs~~
16 ~~proposed to comply with paragraph (1) of subdivision (b) as~~
17 ~~approved by the commission.~~

18 ~~(b) (1)~~

19 ~~(c) The commission shall annually authorize the allocation of~~
20 ~~one hundred million dollars (\$100,000,000) or 10 percent of~~
21 ~~available funds, whichever is less, from the revenues described in~~
22 ~~subdivision (c) of Section 748.5 for the Multifamily Affordable~~
23 ~~Housing Solar Roofs Program, beginning with the fiscal year~~
24 ~~commencing July 1, 2016, and ending with the fiscal year ending~~
25 ~~June 30, 2026. 2020. The commission shall continue authorizing~~
26 ~~the allocation of these funds through June 30, 2026, if the~~
27 ~~commission determines that revenues are available after 2020 and~~
28 ~~that there is adequate interest and participation in the program.~~

29 ~~(2) Every three years, the commission shall evaluate the~~
30 ~~program’s expenditures, commitments, uncommitted balances,~~
31 ~~future demands, performance, and outcomes and shall make any~~
32 ~~necessary adjustments to the program to ensure the goals of the~~
33 ~~program are being met. If any funds remain uncommitted for three~~
34 ~~years, those funds shall be credited to ratepayers pursuant to~~
35 ~~Section 748.5.~~

36 ~~(e)~~

37 ~~(d) The commission shall require consider the most appropriate~~
38 ~~program administration of the program structure, including~~
39 ~~administration by a qualified third-party administrator, selected~~
40 ~~by the commission through a competitive bidding process. process,~~

1 *or administration by an electrical corporation, in an existing or*
2 *future proceeding.*

3 ~~(d)~~

4 (e) Not more than 10 percent of the funds allocated to the
5 program shall be used for administration.

6 ~~(e)~~

7 (f) (1) ~~The~~ *By June 30, 2017, the* commission shall authorize
8 the award of monetary incentives for qualifying solar energy
9 systems that are installed on qualified multifamily affordable
10 housing properties through December 31, 2030. The target of the
11 program is to install a combined generating capacity of at least
12 300 megawatts on qualified properties.

13 (2) The commission shall require that the electricity generated
14 by qualifying renewable energy systems installed pursuant to the
15 program be primarily used to offset electricity usage by low-income
16 tenants. These requirements may include required covenants and
17 restrictions in deeds.

18 (3) The commission shall require that qualifying ~~renewable~~
19 *solar* energy systems owned by third-party owners are subject to
20 contractual restrictions to ensure that no additional costs for the
21 system be passed on to low-income tenants at the properties
22 receiving incentives pursuant to the program. The commission
23 shall require ~~a lifetime guarantee for energy production over the~~
24 ~~useful life of the system.~~ *third-party owners of solar energy systems*
25 *to provide ongoing operations and maintenance of the system,*
26 *monitor energy production, and, where necessary, take appropriate*
27 *action to ensure that the kWh production levels projected for the*
28 *system are achieved throughout the period of the third-party*
29 *agreement. Such actions may include, but are not limited to,*
30 *providing a performance guarantee of annual production levels*
31 *or taking corrective actions to resolve underproduction problems.*

32 (4) The commission shall ensure that incentive levels for
33 photovoltaic installations receiving incentives through the program
34 are aligned with the installation costs for solar energy systems in
35 affordable housing markets and take account of federal investment
36 tax credits and contributions from other sources to the extent
37 feasible.

38 (5) The commission shall require that no individual installation
39 receive incentives at a rate greater than 100 percent of the total
40 system installation costs.

(6) The commission shall establish local hiring requirements for the program to provide economic development benefits to disadvantaged communities.

(7) The commission shall establish energy efficiency requirements for program participants that are equal to the energy efficiency requirements established for the program described in Section 2852, including participation in a federal, state, or utility-funded energy efficiency program or documentation of a recent energy efficiency retrofit.

~~(f)~~
(g) (1) ~~Tenants~~ *Low-income tenants who participate in the program* shall receive ~~offsets~~ *credits* on utility bills from the program. The commission shall ensure that utility bill reductions are achieved through ~~virtual net metering tariffs; tariffs that allow for the allocation of credits, such as virtual net metering tariffs designed for Multifamily Affordable Solar Housing Program participants, or other tariffs that may be adopted by the commission pursuant to Section 2827.1.~~

(2) The commission shall ensure that electrical corporation ~~rate~~ *tariff* structures affecting the low-income tenants participating in the program continue to provide a direct economic benefit from the qualifying solar energy system.

~~(g)~~
(h) Nothing in this chapter is intended to supplant CARE program rates as the primary mechanism for achieving the goals of the CARE program.

~~(h)~~
(i) ~~The program commission shall provide equal treatment for determine the eligibility of qualified multifamily affordable housing property tenants that are customers of community choice aggregators.~~

~~(i)~~
(j) (1) On or before July 30, ~~2018~~, 2020, and by July 30 of every third year thereafter through ~~2030~~, 2029, the commission shall submit to the Legislature an assessment of the success of the Multifamily Affordable Housing Solar Roofs Program. That assessment shall include the number of qualified multifamily affordable housing property sites that have a qualifying solar energy system for which an award was made pursuant to this chapter and the dollar value of the award, the electrical generating

1 capacity of the qualifying renewable energy system, the bill
2 reduction outcomes of the program for the participants, the cost
3 of the program, the total electrical system benefits, the
4 environmental benefits, the progress made toward reaching the
5 goals of the program, the program's impact on the CARE program
6 budget, and the recommendations for improving the program to
7 meet its goals. The report shall include an analysis of pending
8 program commitments, reservations, obligations, and projected
9 demands for the program to determine whether future ongoing
10 funding allocations for the program are substantiated. The report
11 shall also include a summary of the other programs intended to
12 benefit disadvantaged communities, including, but not limited to,
13 the Single-Family Affordable Solar Homes Program, the
14 Multifamily Affordable Solar Housing Program, and the Green
15 Tariff Shared Renewables Program (Chapter 7.6 (commencing
16 with Section 2831)).

17 *(2) Every three years, the commission shall evaluate the*
18 *program's expenditures, commitments, uncommitted balances,*
19 *future demands, performance, and outcomes and shall make any*
20 *necessary adjustments to the program to ensure the goals of the*
21 *program are being met. If, upon review, the commission finds there*
22 *is insufficient participation in the program, the commission may*
23 *credit uncommitted funds back to ratepayers pursuant to Section*
24 *748.5.*

25 *(3) As part of the annual workplan required pursuant to Section*
26 *321.6, the commission shall provide an annual update of the*
27 *Multifamily Affordable Housing Solar Roofs Program that shall*
28 *include, but not be limited to, the number of projects approved,*
29 *number of projects completed, number of pending projects awaiting*
30 *approval, and geographic distribution of the projects.*

31 SEC. 4. No reimbursement is required by this act pursuant to
32 Section 6 of Article XIII B of the California Constitution because
33 the only costs that may be incurred by a local agency or school
34 district will be incurred because this act creates a new crime or
35 infraction, eliminates a crime or infraction, or changes the penalty
36 for a crime or infraction, within the meaning of Section 17556 of
37 the Government Code, or changes the definition of a crime within

- 1 the meaning of Section 6 of Article XIII B of the California
- 2 Constitution.

O